

Strategic Planning Helps Meet Customer Outcomes



by Mr. Terry Jones, Staff Writer

Like most federal agencies, the Defense Contract Management Agency (DCMA) has employed a planning process for many years. Taking both the president's management agenda and the Department of Defense (DoD) transformation initiative to heart, the Agency has penned the slogan, "DCMA is your Indispensable Acquisition Partner." To back this statement, Agency leaders have reconfigured a cutting-edge planning process that uses the tenets of performance-based management (PBM) and delegated responsibility for accomplishing a piece of the plan to each of its 11,400 employees.



The planning process is driving DCMA's goal to transform itself into a performance-based Agency with the aim of continually improving customer service.

It is the method DCMA leaders are using to communicate their expectations to the people at the Agency's 900 offices worldwide and to receive their feedback in the form of performance or execution plans based on expected customer outcomes. "It is the top-down, bottom-up aspect of it that makes it a communications document," said Mr. Jim Russell, DCMA executive director, Financial and Business Operations/Comptroller.

By 2006, everyone in the Agency will have a personal performance plan for achieving customer outcomes that will be tied into the overall DCMA plan. This interconnectivity is one of the features that makes the DCMA planning process so cutting edge. To ensure that all plans succeed, DCMA has four overarching strategic goals:

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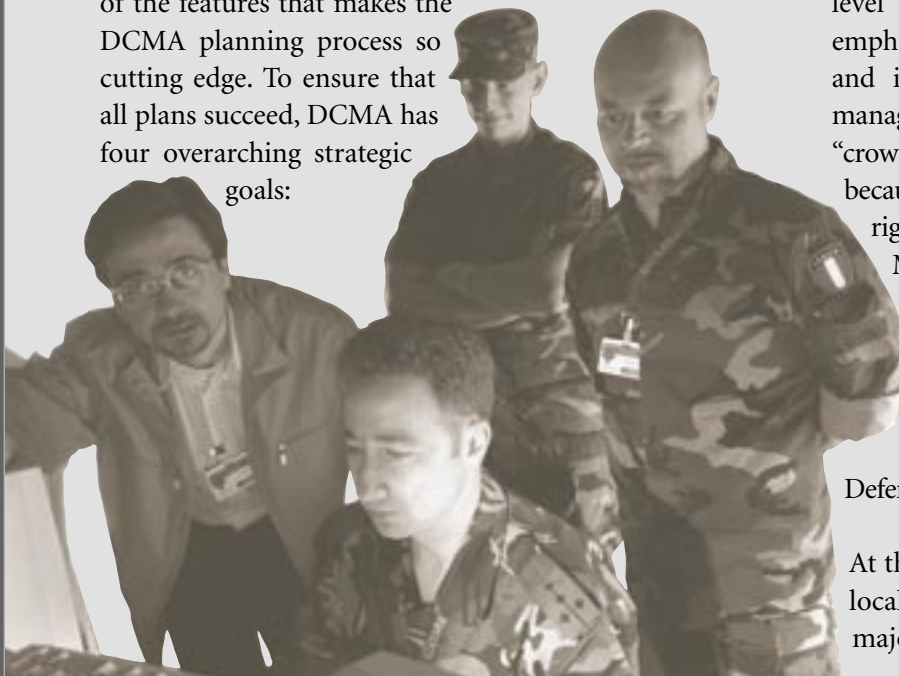
- Deliver great customer care
- Enable its people to excel
- Use excellent business processes
- Be financially prudent

Mr. Russell said it would really be a surprise to him if there was even one DCMA employee who didn't play a part in one of these four goals. "An administrative contracting officer, for example, has a tremendous amount to do with business processes and customer satisfaction."

The Planning Process Works Like a Pyramid

Out of necessity, the DCMA planning process works like a pyramid and conforms to the three phases of the DoD Planning, Programming and Budgeting System (PPBS) and the Department's six-year planning cycle. At the top of the pyramid, the Agency has its "crown jewels" – priority customer outcomes for high-level customers that are being emphasized by the Headquarters and implemented at the contract management offices (CMOs). The "crown jewels" are also important because they are indicative of "the right thing to do," according to Mr. Russell. The Agency has an important and impartial role as a steward of public trust, and this role is carried out by DCMA staffers, the "eyes and ears" of the customers in the Defense plants.

At the base of the pyramid are the local-level offices where the vast majority of customer performance



(Above) Italian Contractor Guseppi Carucci, U.S. Air Force Staff Sgt. Jason Bryant, Italian Warrant Officer 3 Sandro Venazangeli and Bulgarian Capt. Stanislav Stoychev worked on encrypted certificates and signature blocks for secure e-mail at Combined Endeavor 2004, Camp Sarafovo, Bulgaria. Combined Endeavor 2004 was a U.S. European Command-sponsored exercise designed to identify and document command, control, communications and computer (C4) interoperability between NATO and Partnership for Peace nations. Representatives from 41 countries and NATO took part in the exercise. (U.S. Air Force photo by Staff Sgt. Karen Z. Silcott).

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is accomplished. “The ‘crown jewels’ are the things the Agency really wants to track with its metrics, but customer performance is better tracked at the local level,” Mr. Russell said, and the DCMA planning process is designed to do just that. It is the framework for the pyramid, a template for executing goals at the local level and measuring how they feed into DCMA’s overall success, and the process is continuously being updated as it projects three to five years out.

DCMA’s Senior Leader Team developed the plan and guidance this fall for fiscal years 2006 and out. Meanwhile, the CMOs began implementing their 2005 execution plans on October 1, 2004. In the spring of 2005, Headquarters planners will bring in CMO staff to discuss the Agency plan for 2006. Field representatives will then return home to prepare their execution plans, and early in the summer of 2005, CMO staff will negotiate their budgets and performance targets with managers at the three District offices. October 1, 2005, marks the beginning of the 2006 execution phase, and then the cycle repeats itself.

DCMA Pacific Has Practiced PBM for Two Years

A majority of the DCMA field activities have already achieved success by engaging their staff in the planning process and incorporating PBM to drive individual and team behavior. DCMA Pacific, under the command of U.S. Air Force Col. Philip B. Chilson, is an excellent case in point. DCMA Pacific is a CMO with a presence extending over 35 percent of the world’s surface. From a headquarters at Naval Air Station Atsugi, Japan, Col. Chilson leads elements from a multitude of countries, including Singapore, Malaysia, Australia and Korea. The predominant nature of the CMO business is aircraft programmed depot maintenance.

DCMA Pacific has been working on PBM since October 2002 and has published a pamphlet to help other DCMA offices successfully implement the system. According to Col. Chilson, one of the greatest challenges to implementing PBM was “simply overcoming the organizational inertia to get started.” He also said the preoccupation with developing the perfect set of customer outcomes and performance measures as a necessary precursor to implementing PBM just delays the start of becoming performance based.

This latter view drove CMO leaders to the central theme of their PBM approach — outcomes and performance measures evolve over time. The key, according to Col. Chilson, is to have a disciplined approach for engaging with customers, understanding their needs and addressing their priorities. The PBM system must be engineered into everyone’s daily routines; it is not an adjunct system but one that must be integrated into the managerial planning and implementation approach that drives the organization. The entire CMO planning and performance system is now founded on the following PBM principles.

- **Customer and Organizational Mission Analysis**

The CMO staff developed a transformation management plan early in the process to help them focus on their customers and analyze how they could better perform their internal institutional requirements.

The DCMA planning process allows Agency leaders to manage and communicate effectively with the field because it is a structured, repeatable and disciplined way to identify and deal with future challenges.

• Outcome Performance Assessment and Evaluation

Once the DCMA Pacific team established the desired outcomes for customer and institutional requirements, it then built in performance measures. For each performance measure, the team created rating criteria that indicated whether performance was positively or negatively influencing the achievement of outcomes. Then a Web-based management control panel for assessing and evaluating their outcome performances on a continuous basis was created.

• Performance-Based Management Action

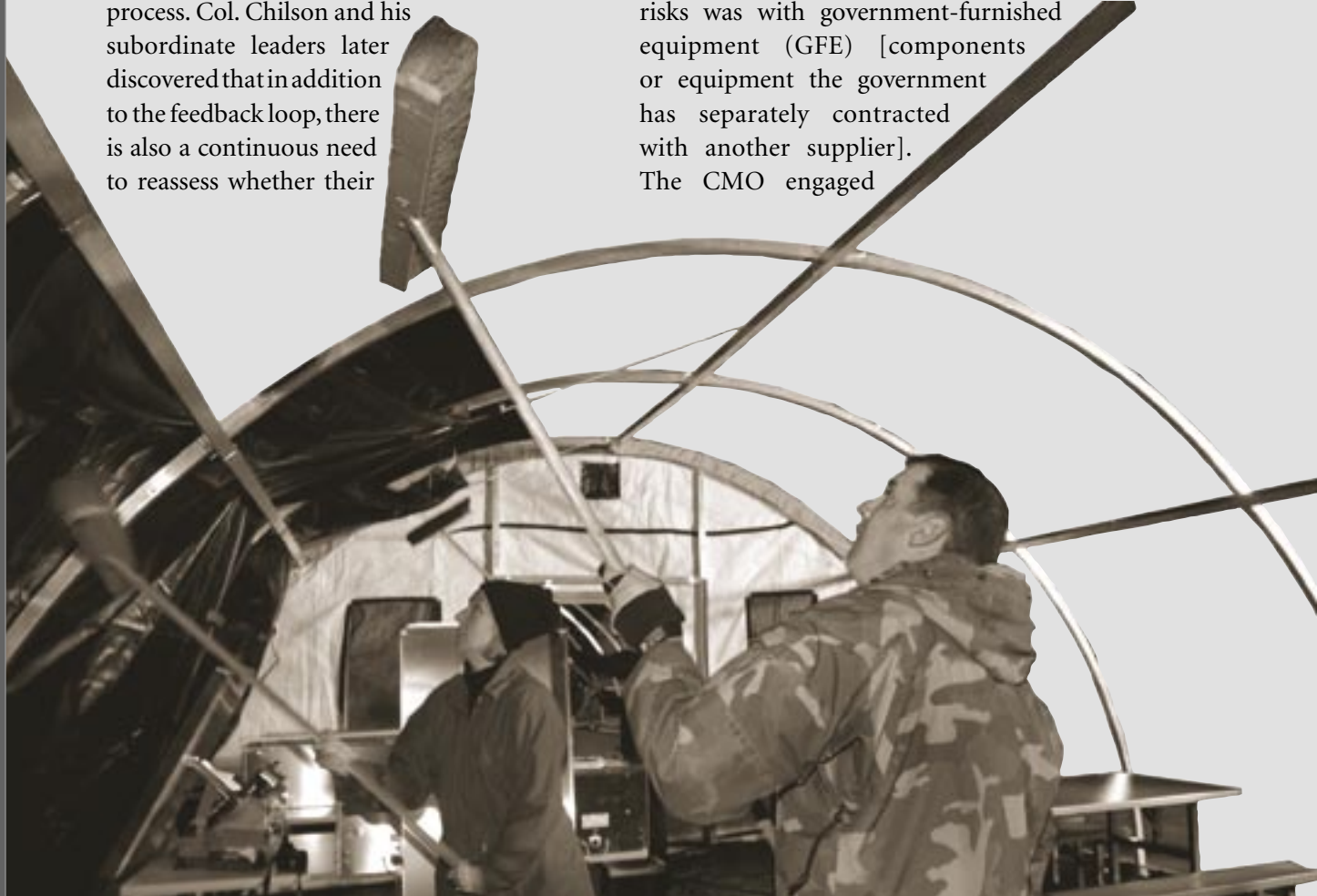
Col. Chilson said he realized that he must have a way of acting on data coming in from the assessment and evaluation processes. The answer was to create a feedback loop between the three elements of their PBM system to ensure that it was a never-ending evolutionary process. Col. Chilson and his subordinate leaders later discovered that in addition to the feedback loop, there is also a continuous need to reassess whether their

outcomes and performance measures are still valid, given the latest performance feedback. Refinements are continuously being made.

The V-22 Osprey Program Makes the Case for Customer Outcomes

DCMA Boeing Philadelphia's V-22 Osprey Program is another good example of how customers benefit as DCMA incorporates PBM into its planning and execution processes. (The V-22 is a tilt rotor vertical/short takeoff and landing multi-mission aircraft.) Customer outcomes are addressed in an analytical and structured manner with a path created to achieve them.

One of the program manager's (PM) outcomes is to deliver a set number of aircraft during each calendar year. After conducting a critical path analysis on the schedule, PMs determined that one of the greatest schedule risks was with government-furnished equipment (GFE) [components or equipment the government has separately contracted with another supplier]. The CMO engaged



(Above) U.S. Air Force's Staff Sgt. Leah Hebert and Senior Master Sgt. Russ Sittenauer, both from the 435th Materiel Maintenance Squadron, use brooms to push up the fly sheet as Luxembourg Nationals pull on the guy line in putting together the dining facility tent during a training exercise, Nov. 3, 2004. The Luxembourg Nationals are contractors of Camp Militaire Warehouse Services Agency, which is located in Sanem, Luxembourg. (U.S. Air Force photo by Senior Airman Desiree N. Palacios.)

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with the PM and agreed to coordinate with the DCMA network of specialists to manage the GFE contracts and specifically track delivery status of critical GFE components. The CMO also established an agreement with the PM that when GFE is projected to be late, the CMO will notify the program manager, coordinate the transfer of assets from spare inventory and, when spares are not available, assist in the determination of an alternate source.

“The guiding principle is all about teaming,” said Mr. Charles McAleer, DCMA Boeing Philadelphia deputy commander. “We developed a ‘GFE quick look tool’ that gives everyone the status and projected status of the actual GFE deliveries. The report is coded [primarily] red, yellow and green. The metrics are that if GFE is projected for up to six days of load dates, it is green. If we are predicting six to 12 days, it is yellow, and anything greater than 12 days goes red.” If there is a red report, “this sets the light bulb off. If we know we’re not going to have the piece of equipment, we can look at spares or we can go back to the manufacturer and say that they need to accelerate production,” Mr. McAleer said. “We work collectively with Boeing, the GFE suppliers and the PM,” he added. There is also a blue rating that means DCMA is providing outstanding support and exceeding customer requirements. DCMA Boeing Philadelphia received a blue rating for GFE, so “they are obviously very happy with what we are doing in this area,” Mr. McAleer said.

In this example, the CMO is measuring two things — GFE on-time delivery and whether advanced notification agreements were met for GFE delinquencies. So here is a customer

outcome, a suite of actions DCMA has taken or can take to support that outcome and some measures to determine whether the process is staying on track.

The Future is Now

The DCMA planning process allows Agency leaders to manage and communicate effectively with the field because it is a structured, repeatable and disciplined way to identify and deal with future challenges. As supplier processes continuously become more sophisticated and customer outcomes change, the planning process will give Agency managers and business process leaders a communications vehicle for staying current with technological innovations. And the CMO execution plans (the bottom echelons communicating up) will keep Agency leaders informed of these advances. Senior leaders will use PBM processes to adapt to changing political trends and Defense priorities, and customer feedback from the field will drive the application of high-priority processes.

The success of DCMA’s planning process will ultimately be judged by its relationships with its customers, and DCMA leaders have no doubts that their transformational efforts — guided by a cutting-edge plan — will work. Mrs. Sallie Flavin, DCMA deputy director, summarized it this way: “Coming out of the DCMA transformation will be a group of people who are given the freedom to arrive at solutions for their customers that are real time and that cut across functional areas. The more we do for our customers, the more our customers will demand our presence and our assistance.”